

**JOB AND HOUSING GROWTH
IN KING COUNTY'S URBAN CENTERS:**

**FACTORS, STRATEGIES AND TOOLS INFLUENCING
DEVELOPMENT**

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An Executive Summary

drawing from the following reports

John Norris

*Job Development in King County's Urban Centers:
Factors that Influence and Tools that Incentivize Firm Location
(June 2006)*

and

Jeremy Valenta

*Strategies to Encourage Housing Development
in King County Urban Centers (June 2006)*

In September, 2005 the Growth Management Planning Council (GMPC) approved the Interjurisdictional Team (IJT) staff recommendation to study growth in King County's Urban Centers. Since 1995, the King County Benchmark Program has measured job and housing development within the Urban Centers and found that growth appeared to be occurring unevenly among the Centers. Based on those findings, staff set out to investigate two key questions:

- *What are the key factors that influence job and housing growth in Urban Centers and are there identifiable trends among them?*
- *What tools can local governments use to encourage further job and housing development in the Urban Centers?*

This Executive Summary summarizes the results of that effort, identifying the methodology of study, discussing the findings of the study, and providing a job and housing development tools matrix to members of the GMPC and local jurisdictions. An appendix at the end of the summary provides both quantitative and qualitative characteristics of each Urban Center that informed this effort.

Methodology

This study was initiated by the King County Benchmark Program under advisement of the IJT. A workgroup was convened to direct the study and relied heavily on the research and analysis of two University of Washington graduate students at the Daniel J. Evans School of Public Affairs.¹ The students' research was conducted through literature review (including previous studies conducted by the PSRC), stakeholder interviews (including planning directors, economic development managers, and representatives of the private sector development community), and both qualitative and quantitative data analysis.

Creation of an Urban Center Strategy

In passing the Growth Management in 1990, the Washington State Legislature established statewide growth management goals and provided a framework for local jurisdictions to prepare comprehensive plans and development regulations. In King County, the GMPC, consisting of elected officials from King County, cities, and special purpose districts, developed the Countywide Planning Policies (CPP) which guide countywide growth management efforts. The CPPs were first adopted and ratified by the cities and King County in 1994.

King County projects nearly 158,000 new households and 290,000 new jobs countywide by 2022. In an effort to limit urban sprawl, enhance open space, protect rural areas and more efficiently use human services, transportation and utilities, most future growth and development is to occur within the Urban Growth Area (UGA). Supporting that goal, the CPPs include an Urban Center Strategy for concentrating housing and employment growth in designated Urban Centers.

The Urban Center Strategy seeks to establish a long range development pattern that will provide a successful mix of uses and densities that efficiently support high-capacity transit. Urban Centers are intended to exhibit characteristics of vibrant, walk-able, 18-hour communities such as: a broad array of land uses and choices for employees and residents, limitations on single-occupancy vehicle usage, pedestrian emphasis, and superior urban design that reflects the local community.

¹ John Norris, *Job Development in King County's Urban Centers: Factors that Influence and Tools that Incentivize Firm Location*, and Jeremy Valenta, *Strategies to Encourage Housing Development in King County Urban Centers* (2006). These papers can be made available upon request through the King County Benchmark Program.

The CPPs contain specific growth targets for Urban Centers, stating that by 2022, King County's Urban Centers are expected to account for up to one-half of employment growth and one-quarter of household growth (about 145,000 of the 290,000 projected new jobs and about 39,500 of the 158,000 projected new housing units).² Each Urban Center should have planned land uses to accommodate 15,000 jobs within one-half mile of a transit center, an average of 50 employees per gross acre, and an average of 15 households per gross acre.

Urban Center Overview

This study analyzed the 15 existing Urban Centers at year-end 2004. While the attached Appendix A provides detailed qualitative and quantitative descriptions of each Urban Center, the following table provides a thumbnail of several general characteristics of each Center:

	Population*	Size (acres)	Housing Units (#)	Jobs (#)	Jobs per Housing Unit	Largest Job Sector**	Transit Options***
Auburn	1,400	233	1,087	2,869	2.64	1	B
Bellevue	3,600	432	3,599	26,062	7.24	1	A
Burien	1,750	353	1,077	4,263	3.96	1	A
Federal Way	600	209	846	3,431	4.06	1	A
Kent	900	309	708	3,746	5.29	1	B
Kirkland/ Totem Lake	4,400	720	2,944	11,117	3.78	1	A
Redmond	2,200	466	1,275	14,173	11.12	1	A
Renton	1,850	551	1,047	10,860	10.37	2	A
SeaTac	10,700	1,457	4,073	8,055	1.98	1	C
Seattle CBD	24,300	938	16,469	145,310	8.82	1	D
Seattle First Hill/ Capitol Hill	34,200	919	23,826	39,532	1.66	1	C
Seattle Northgate	5,750	466	3,688	11,001	2.98	1	C
Seattle Center	5,400	305	4,964	12,723	2.56	1	A
Seattle U-District	19,700	762	7,244	33,879	4.68	3	C
Tukwila	22	840	2	17,976		1	B
Total Urban Center	116,772	8,960	72,849	344,997			
Total King County	1,788,300	1,365,760	781,810	1,118,700	1.43		

* Estimated using 2000 Census tract data. Excludes South Lake Union, designated in 2005.

** 1=Services; 2=Manufacturing; 3=Education

*** A=Bus Only; B=Bus and Sounder Commuter Train; C=Bus and future Sound Transit Link Light Rail stations; D=Bus, Sounder Commuter Train and future Sound Transit Link Light Rail stations

The following table provides estimates of employment and household densities by Center, as estimated from 1990 and 2000 Census block data. While no individual Urban Center has an employment density of 50 employees *and* 15 households per gross acre, several Centers—notably Bellevue, Seattle CBD, and First Hill/ Capitol Hill—have reached those jobs *or* housing densities. With the exception of Renton and Seattle Center, all Urban Centers have increased their employment densities since the adoption of the CPP. Similarly, most Urban Centers increased their estimated household densities from 1995 to 2000.

² Growth Management Planning Council, *Countywide Planning Policies* (2005).

Job and Household Density Change In Urban Centers **						
	Employment Density*			Housing Unit Density*		
	1995	2000	2004	1995	2000	2004
Auburn	na	na	12.3	na	na	4.7
Bellevue	53.4	72.3	60.3	2.3	6.3	8.3
Burien	na	na	12.1	na	na	3.1
Federal Way	15.2	18.5	16.4	1.0	4.3	4.0
Kent	10.0	10.0	12.1	1.0	2.1	2.3
Redmond	8.6	22.4	30.4	0.7	2.8	2.7
Renton	25.4	29.9	19.7	1.8	1.8	1.9
SeaTac	4.8	5.9	5.5	2.2	2.8	2.8
Seattle CBD	147.3	184.4	154.9	12.1	14.4	17.6
Seattle First Hill/ Capitol Hill	35.3	40.3	43.0	23.6	24.7	25.9
Seattle Northgate	20.2	23.6	23.6	7.6	7.9	7.9
Seattle Center	53.7	55.0	41.7	13.1	14.4	16.3
Seattle U-District	37.2	43.3	44.5	8.4	9.2	9.5
Totem Lake/ Kirkland	na	na	15.4	na	na	4.1
Tukwila	20.3	24.2	21.4	0.0	0.0	0.0
Urban Center Total	37.3	45.9	38.5	6.7	8.1	8.1

*1990 Housing Unit density measured by gross acreage as reported in 1990. 2000 and 2004 density measured by gross acreage as reported in 2000.

**Auburn, Burien, and Totem Lake were designated in 2003, 2004, and 2002 respectively.

Employment

In 2004, covered employment in King County totaled 1,118,700 jobs. Urban Centers collectively totaled about 327,000 jobs. Between 1995 and 2004, about 31,000 new jobs were created in Urban Centers, accounting for 17% of new job growth in King County. It is important to note that this increase does not report employment growth in Auburn, Burien, South Lake Union or Totem Lake/ Kirkland. As these Centers were not formally designated until 2003, 2004, 2005 and 2002 respectively, 1995 or 2000 job data was insufficient to calculate employment change. Subsequently, the 17% job growth as a percent of countywide growth is likely an underestimate.

Employment Change in Urban Centers					
	1995	2000	2004	% Change in Jobs: 1995-2004	% Change in Jobs: 2000-2004
Bellevue	23,088	31,221	26,062	13%	-17%
Federal Way	3,186	3,870	3,431	8%	-11%
Kent	3,100	3,085	3,746	21%	21%
Redmond	4,025	10,417	14,173	252%	36%
Renton	14,006	16,452	10,860	-22%	-34%
SeaTac	7,064	8,589	8,055	14%	-6%
Seattle CBD	138,151	172,932	145,310	5%	-16%
Seattle First Hill/ Capitol Hill	32,399	37,062	39,532	22%	7%
Seattle Northgate	9,432	10,985	11,001	17%	0%
Seattle Center	16,377	16,788	12,723	-22%	-24%
Seattle U-District	28,329	33,006	33,879	20%	3%
Tukwila	17,047	20,366	17,976	5%	-12%
Total Employment in Urban Centers	296,204	364,773	326,748	10%	-10%
Total Employment in King County	940,883	1,151,217	1,118,700	19%	-3%
Percent of New Jobs Created 1995-2004 in Urban Centers:					17.2%

*Auburn, Burien, and South Lake Union, Totem Lake were designated in 2003, 2004, 2005 and 2002 respectively and are not included here.

Individual Urban Centers have had various rates of employment growth over the last decade, with some Centers experiencing very high levels of growth and others experiencing very little growth. For example, between the years 1995 and 2000, employment in Redmond's Urban Center grew by 159%, while employment in Kent's Urban Center actually dropped slightly.

Nearly all Urban Centers experienced some job growth between 1995 and 2004, even though the majority of that growth occurred between 1995 and 2000. Most Urban Centers experienced job loss between 2000 and 2004, however this is most likely not due to the factors in Urban Centers, but rather larger economic trends affecting employment in the region.

King County Urban Centers also vary by job sector. Based on PSRC job sector data, Services were the predominant employment sector in the Centers in 2004, though there was some variation between Centers in the level of this sector compared to other sectors.³ For instance, 75% of First Hill/ Capitol Hill's employment was in the Service sector, while only 39% Kent's was. Also, two Urban Centers, the University District and Renton, had other predominant employment sectors: Education and Manufacturing respectively.

Housing

In 2004, King County contained about 785,000 housing units, with 93% of those existing in urban areas. About 9% of the county's total housing existed in designated Urban Centers, despite covering just 3% of the Urban Growth Area.⁴ From 1995 to 2004, the number of housing units in King County increased 12%, up from 699,200 units. In comparison, Urban Centers added almost 20,000 units, representing a 28% increase. In that time period, Urban Centers collectively accommodated 17% of the housing growth in King County. As with employment, Auburn, Burien, South Lake Union and Totem Lake/ Kirkland are not included in this calculation, which may subsequently represent a slight underestimate in the percent of growth occurring within King County's Urban Centers.

Housing Unit Change In Urban Centers					
	Total Housing Units*			% Change in Housing Units	
	1995	2000	2004	2000-2004	1995-2004
Bellevue	1,000	2,709	3,599	33%	260%
Federal Way	200	892	846	-5%	323%
Kent	306	658	708	8%	131%
Redmond	335	1,324	1,275	-4%	281%
Renton	996	1,015	1,047	3%	5%
SeaTac	3,238	4,085	4,073	0%	26%
Seattle CBD	11,345	13,522	16,469	22%	45%
Seattle First Hill/ Capitol Hill	21,707	22,677	23,826	5%	10%
Seattle Northgate	3,522	3,673	3,688	0%	5%
Seattle Center	4,006	4,383	4,964	13%	24%
Seattle U-District	6,419	6,974	7,244	4%	13%
Tukwila	11	2	2	0%	-82%
Urban Center Total	53,085	61,914	67,741	9%	28%
King County Total	699,200	742,237	784,800	6%	12%
Urban Center Housing Growth as Percentage of Countywide Growth:					17%

*Auburn, Burien, and South Lake Union, Totem Lake were designated in 2003, 2004, 2005 and 2002 respectively and are not included here.

³ The Services sector includes a wide range of fields including professional, scientific, and technical services, information, health care, and arts, entertainment, and recreation.

⁴ King County Office of Management and Budget, *King County Annual Growth Report (2005)*.

Housing growth has not occurred uniformly within King County's Urban Centers, with Seattle accommodating over half of all Urban Center growth since 1995 and Bellevue attracting another 18% in that time period. While Bellevue and Seattle have seen the largest growth in number of housing units, other cities have realized a greater rate of growth in their Urban Centers. Since 1995, Redmond has increased its Urban Centers housing supply by 940 units, an increase of 281%. Similarly, Federal Way added 646 new units in that time period for an increase of 323%. Kent has also increased its housing supply by over 130%, with one-third of that growth occurring since 2002.

Conversely, Northgate, with a relatively high housing count at the 1995 baseline, added only 166 housing units, for a 5% increase. Tukwila, originally zoned for retail and commercial development, actually realized a decrease in housing, losing 9 of its 11 units between 1995 and 2000.

Measurement Challenges

While actual growth job and housing growth have been measured over the last 10 years, it is difficult to draw conclusions about the successfulness of the Urban Center strategy for two reasons. First, the trajectory of growth toward a 20-year target is not necessarily a straight line. Though household growth in Centers has only accounted for an estimated 17% of total countywide growth since 1995, it is difficult to qualify this rate of growth. Furthermore, the CPP state collective growth in King County's Urban Centers. As such it is difficult to draw conclusions about growth in individual Centers. Considering these limitations, this study finds that job and housing growth in King County's Urban Centers is occurring and Urban Centers today account for a greater proportion of countywide housing than prior to the adoption of the CPP. However, Urban Center growth has not occurred uniformly throughout King County.

The tools and strategies discussed in this study are not prescriptive, but represent a sampling of tools and strategies that may encourage greater development in Urban Centers. A challenge for cities is identifying those tools and strategies that will *most effectively* encourage their own Urban Center development. It should be noted that job and housing growth and development are predominantly dictated by the private market. The public sector defines the legal and bureaucratic process within which development may take place, and can influence the marketplace with either incentives or restrictions. In Washington State, much of that decision making power is maintained locally. Responding to the challenges, assets, and priorities of each Urban Center, cities will find some tools and strategies more useful than others.

This study also recognizes that there are many factors outside the direct control of municipal jurisdictions that have an impact on Urban Center development. For example, a region-wide economic recession that began in 2001 resulted in job loss both in King County and its Urban Centers. Also, regional policies such as the Vision 2020 Update shape the direction of growth management planning in King County. As long-range regional goals change, cities may need to adjust their own goals and strategies for growth.

Furthermore, the development of King County's Urban Centers is influenced by the overall economic health of its largest city, Seattle. Seattle must remain the vibrant hub of the County, as it is the namesake with which the Puget Sound Region and King County are associated.⁵ Though most cities cannot directly influence the economic health of Seattle, it is a factor that should be given consideration.

Subsequently, the strategies and tools provided by this study are not absolute. Each Urban Center is unique and this study does not attempt to identify all of the tools already employed by cities nor does it identify all of those tools that would be effective for each Urban Center. Rather, this study provides an analytical framework linking the factors that influence job and housing growth to development strategies and tools. It also aligns Urban Centers into categories based on shared characteristics to determine which tools may be most beneficial for implementation of job and housing development strategies for various types of Centers.

⁵ Ray Moser interview, 3/22/06.

Categorization of King County's Urban Centers

In 2002, the Puget Sound Regional Council presented the *Central Puget Sound Regional Growth Centers* report which categorized Regional Growth Centers (Urban Centers) by land use. The PSRC assigned the region's designated Regional Growth Centers into six general types based on distinct characteristics: Regional Center, Metropolitan Center, Regional Activity Center, Historic Center, Retail Shopping Center, and Office Park and General Commercial Center.⁶

Following that effort, this study identifies four land use categories, which closely mirror the PSRC's designations with two exceptions. First, the Regional Center and Metropolitan Center categories are combined into one category, called Metropolitan Centers. Second, the Retail Shopping Centers and General Commercial Centers are combined into a single category. The categories of Urban Centers and their corresponding King County Urban Centers are identified as:⁷

- **Metropolitan Center.** These Urban Centers already have a high residential and commercial density. They have mixed forms of development including high-density residential housing, commercial, cultural, and civic/ governmental activity. They are central business districts in the region. *Bellevue and Seattle CBD*
- **Historic Center/ Town Center.** These Urban Centers are designed around traditional historic downtowns or "main streets." *Auburn, Burien, Kent, Redmond and Renton*
- **Regional Activity Center.** These Urban Centers are identified as having commonly recognized special purposes such as activity or related employment. *First Hill/ Capitol Hill, University District and Uptown/ Seattle Center*
- **Retail Shopping Center/ Commercial Center.** These Urban Centers surround significant regional shopping or commercial centers. They are lower density, with large block sizes and tend to have little existing high-density residential housing. *Federal Way, Northgate, SeaTac, Totem Lake and Tukwila*

It should be noted that each Urban Center is unique and should not be analyzed solely within the confines of its categorization. Furthermore, while Centers within each category share land uses, individual Centers also share characteristics with Centers in other categories. However, this alignment allows a reasonable mechanism to discuss Urban Center characteristics as well as the strategies and tools that could potentially be more effective in certain types of Centers.

Job and Housing Development Framework

In order to better understand the relationship between the factors and tools that influence development, a job and housing development framework is provided below. The framework connects, identifies and defines the four elements of the development process:

⁶ Puget Sound Regional Council, *Central Puget Sound Regional Growth Centers* (2002).

⁷ Descriptions taken from Puget Sound Regional Council, *Central Puget Sound Regional Growth Centers* (2002).

FACTORS	DESIRED ALIGNMENT OF FACTORS	STRATEGIES	TOOLS
<p>--Anything that positively or negatively influences development in King County Urban Centers</p> <p><i>What factors are evident in Urban Centers and to what extent?</i></p>	<p>--Factors broadly aligned in a desired state to encourage development in King County Urban Centers</p> <p><i>What is the desired alignment of controllable positive factors (and absence of negative factors) to encourage development?</i></p>	<p>--A systematic long-term plan of action for achieving an objective</p> <p><i>What is an appropriate plan of action to align positive factors?</i></p>	<p>--The devices and activities used for accomplishing a strategy</p> <p><i>How will the strategy be accomplished?</i></p>

Factors That Influence Urban Center Development

The private sector development process is a response to market, physical, and regulatory conditions. The *market* is the potential user of the development, and dictates what is marketable and what price will be paid for it. The *physical environment* determines the scope and scale of any development to be built. And *Regulatory conditions* imposed by governments define the legal and bureaucratic process that development occurs in, and can influence the marketplace with incentives or restrictions.

Within the development process, a factor is anything that positively or negatively influences development. Factors are themselves neutral, but cities can manipulate some of those factors (by aligning positive factors or minimizing negative factors) to achieve an environment most desirable for development. The job and housing development frameworks in Appendix B identify factors that influence development and provide a sampling of useful strategies and tools that may encourage job and housing development.

The factors that influence Urban Center development constitute an extensive list. In the course of this study however stakeholders repeatedly identified several factors as being particularly influential in Urban Center development. Though the effect of these factors on Center development varied greatly from one Center to another, they were notably present for every Center. Following is a discussion of those factors: development constraints and market demand.

Development Constraints

Development constraints account for several factors regarding the physical environment: vacant land availability, existing land uses, and infrastructure. While there is a variety of existing land uses in King County's Urban Centers, vacant land is generally absent in all Urban Centers for several reasons. First, Urban Centers are generally small in size. With the exception of SeaTac (which is 2.28 square miles) no Urban Center is larger than 1.5 square miles. Furthermore, many of the Centers are already densely developed, especially the Metropolitan Centers and Regional Activity Centers including the Seattle CBD, First Hill/ Capitol Hill, University District, Uptown/ Seattle Center and Bellevue.

There are Centers with large amounts of development potential, such as Totem Lake, Northgate, and Renton. However, even these Urban Centers potentially have much of their developable land already earmarked for a future purpose—the redevelopment of Totem Lake Mall, the creation of the *Northgate Commons* lifestyle center and open space in Northgate, and the creation of the *Landing* lifestyle center in Renton respectively.⁸

⁸ Tom Hauger interview, 3/14/06, Ben Wolters interview, 3/17/06, and Eric Shields interview, 3/28/06.

Existing retail or parking land uses may make redevelopment less appealing in Regional Shopping Centers/ Commercial Centers. In the SeaTac Urban Center for instance, where “park and fly” parking lots are in high demand due to their proximity to SeaTac Airport, the profit made from a redevelopment would have to be extremely high due to the already high monthly profits made from the parking lots.⁹

Another issue for cities is the degree of parcelization that has occurred in Urban Centers, particularly in Historic Centers/ Town Centers and Regional Activity Centers. Though redevelopment at urban densities is possible on small lots, they usually make housing more costly to develop. Where projects require larger lots than are available, a city may assemble land, but this can increase risk, cost, and time.

A final development constraint is existing infrastructure—streets, sidewalks, water supply and sewer lines. While all Urban Centers currently provide some level of basic infrastructure, its presence differs widely among Centers. For example, the large block sizes and wide streets of Retail Shopping Centers/ Commercial Centers do not offer the pedestrian-friendly infrastructure that attracts residential housing. Redevelopment challenges presented by infrastructure deficiencies were a factor of development for most, if not all, Urban Centers.

Market Demand

Market demand is a consideration for both job and housing development. For firms looking to locate in an Urban Center, demand is a function of many factors including workforce availability, infrastructure, proximity to markets and existing demand for product, among others. For potential residents of an Urban Center, demand can be driven by the image of a location, the cost of housing, or quality of life factors such as crime rate and physical amenities. Housing developers respond to the demand of those home buyers, but are also constrained by land and construction costs, zoning and permitting processes, and existing infrastructure. This study found that all Urban Centers have dealt with issues of market demand to some degree. In particular, stakeholders repeatedly identified their efforts to increase demand for service and retail business and dense, urban housing in their Centers.

Market Demand: Service and Retail Business

In 2004, 60% of all covered employment in King County Urban Centers was either service or retail. Additionally, as many cities try to redevelop their Urban Centers so that they are more aligned with the goals stated in the King County CPPs (intensity and density of land uses, pedestrian emphasis, superior urban design, sufficient public open spaces, and daytime and nighttime activities), they are looking to mixed-use retail/ residential/ office complexes and “lifestyle centers.”

Due to the fact that concentrated retail can increase a city’s tax base, many cities are looking to retail growth as part of creating a focal point and sense of place in their Urban Center.¹⁰ For example, in the Kent, Northgate, Totem Lake, Burien, Federal Way, Tukwila, Renton and Redmond Urban Centers, retail/ lifestyle center development has either been completed, is being planned/ constructed, or the city is looking for a developer to begin a project. Such developments rely on local residents to drive market demand for retail or service business.

There are, of course, exceptions to this, such as the King County Regional Justice Center in Kent, SeaTac Airport in SeaTac, Evergreen Hospital in Totem Lake, the Auburn Regional Medical Center in Auburn and the University of Washington in the University District. These institutions draw national and international market demand in the form of business, trade, education, and government services.

The collective focus on retail growth greatly speaks to the concept of market demand. It is important to note that market demand for existing and future firms in Urban Centers varies by Center, and is driven by function, substitutes, population, proximity of surrounding population, employment levels, and resident income levels, among other things.

⁹ Michael Scarey interview, 3/27/06.

¹⁰ Ray Moser interview, 3/22/06.

Market Demand: Housing

Increased housing development in Urban Centers requires a demand for the urban lifestyle and housing product they offer. Although demand for detached single-family residential housing is still strong in the region, there are many trends that suggest there is growing interest for urban living that could lead to housing development in Urban Centers.¹¹ Shrinking average household size, increasing percentage of childless and single-person households, and an aging baby-boom generation suggest market potential for urban living would be particularly attractive to smaller households without children.

Disenchantment with the suburban lifestyle, fueled by increased traffic congestion, long commutes, and isolation has caused some people to consider urban alternatives for housing. The resulting urban renaissance marked by a revival of many downtown areas through convenient transit options and a diversity of amenities has increased demand for the urban lifestyle. Indeed, housing growth in several King County Urban Centers—notably Bellevue and Redmond—indicates a growing demand for urban-type housing.

However, also influencing demand for housing in various Urban Centers is the idea of image—the prestige of a location as a community asset or stigma as a community liability. This was a factor of both positive and negative housing development stated repeatedly in stakeholder interviews. Although grounded only in an individual's perception of a location, it is a very powerful factor nonetheless.

This discussion has focused on those factors that have presented challenges to Urban Center growth. To be sure, those (and other) factors have positively influenced development in various King County Urban Centers. For example, Seattle's many urban amenities and hip urban image have contributed to demand for housing. With a large and educated workforce, several Seattle Urban Centers have also seen notable job growth over the last 10 years. Similarly, easy access to transit and pedestrian-friendly block sizes should continue to draw development activity to Kent. The following section further discusses how factors—when aligned positively by cities—can encourage development in Urban Centers.

Strategies and Tools to Encourage Development

The Urban Center Strategy stresses a combination of job and housing development in King County's Urban Centers. Cities with Urban Centers play an active role in the outcome of the Urban Center Strategy since local governments control most land use regulations and decision-making. Cities can facilitate Center development, either by creating a favorable policy climate, by removing regulatory barriers to development, or by providing incentives to development.

This study focuses on strategies and tools for local government, with understanding that cities are limited by state, regional, and countywide policies. For example, the Urban Growth Boundary restricts the supply of land available for development, encouraging development within the Urban Growth Area. The Countywide Planning Policies, informed by the Multicounty Planning Policies, also dictate the growth targets of Urban Centers. At other levels, the State's Growth Management Act and environmental laws, including cleanup of contaminated sites, impact feasibility of development. Also, as a planning agency, the PSRC plays a role in influencing Urban Center development.

Most of the strategies and tools identified here have been used by cities in King County to obtain job and housing growth in their Urban Centers. To varying degrees, cities have worked to: create a favorable development environment, partner with private developers to create mixed-use development, create a Third Place and community focal point, enhance Urban Center design and aesthetic, market the Urban

¹¹ This observation is echoed in numerous sources, including Suchman, Diane (*Developing Successful Infill Housing*, p. 30, Urban Land Institute (2002)); PSRC (August 2005 issue paper on Housing, p. 7); Enger, Susan (*Infill Development: Strategies for Shaping Livable Neighborhoods*, p. 9, Municipal Research Service Center (1997)); Moulton, Jennifer (*Ten Steps to a Living Downtown*, p. 8, Brookings Institution on Urban and Metropolitan Policy, (1999)); and Haughey, Richard (*Higher Density Development: Myth and Fact*, p. 6, Urban Land Institute (2005)).

Center lifestyle and amenities, and provide adequate transit options. This section highlights several useful strategies and tools identified in the development framework in Appendix C.

Rezoning

The current land use pattern in Urban Centers may prohibit or impede development—particularly housing development—from occurring in an Urban Center. For example, Tukwila’s Urban Center does not appear as livable as other areas because it was originally designed to be a commercial center. Economic development was encouraged in pursuit of the tax revenue it provides. It was only rezoned in 1995 to accommodate a mix of housing but has not yet stimulated a growth in housing in the Center.

Rezoning an Urban Center to include housing is a precondition of that development, but does not ensure that development will occur in the short-term as was the case with Seattle’s CBD. Nearly a decade passed after the rezoning of Belltown before housing developers felt confident the market existed for housing in the area but it has proven to be an effective tool to encourage Urban Center development in Seattle.

Land Assembly

Historic/ Town Centers tend to have relatively small parcel sizes with lots belonging to different landowners. Small lots may not provide the right environment for some developers to build, and assembling parcels is time-consuming and expensive. Cities may be able to pave the way for development by assembling the land through outright purchase, tax foreclosure, or exercise eminent domain. Though effective, these three actions all have important considerations: tax foreclosures may be a lengthy process, and may not be applicable to the targeted area; eminent domain has important legal restrictions and is negatively perceived as a forced “taking” by government; and outright purchase is a costly public expenditure.

Despite these considerations, land assembly may prove an effective strategy. As part of its Urban Center redevelopment, the city of Burien engaged in a three-year assembly effort resulting in a redevelopment project calling for a mix of land uses including: housing, retail, open space, a city hall, King County library, and structured underground parking. Burien initiated this long-term effort shortly after its incorporation in 1993 by deciding to fund land assembly with set-aside municipal real estate taxes.

Updating Infrastructure

For Retail Shopping Centers/ Commercial Centers in particular, investments in infrastructure may be necessary to encourage development. These Centers (Federal Way, Northgate, SeaTac, Totem Lake and Tukwila) all share large block sizes. While the average block size of the county’s Urban Centers is 5.08 acres, these five centers have a far larger average block size of 19.17 acres, which suggests the need for new sidewalk and road construction to break up large blocks. In the case of these five centers, the city comprehensive plans currently call for new street overlays to break up large blocks and create a more appropriate grid. In some cases, a private developer may absorb the cost of upgrading the street and sidewalk infrastructure, as occurred in SeaTac during the \$50 million renovation of the Hilton Hotel and Conference Center; the project incorporated some of the city’s future street grid plans to break up mega-blocks.¹²

While private development may fund such upgrades to infrastructure, they are costly and therefore can deter development. The burden of such infrastructure investments is likely to fall on the city, which may be able to absorb or share the cost of upgrades as an incentive to development using several capital investment tools.

One such tool is the designation of a *Focused Public Investment Area (FPIA)*. Within the FPIA, a local government can take a more proactive role in providing infrastructure and shaping growth. Public investment is used to upgrade or fill gaps in the existing infrastructure within the boundaries of the FPIA, while outside the boundaries infrastructure upgrades remain the responsibility of the private sector.

¹² Michael Scarey interview, 3/27/06.

Designating an FPIA may encourage development in an Urban Center but still provides a financial challenge to cities. In many states, *Tax Increment Financing (TIF)* provides a useful tool for funding capital improvements in a designated area that is expected to generate increased tax revenues once revitalization efforts attract private development that will produce increased tax valuation. In effect, the city redistributes property tax collections within a designated area to finance infrastructure improvements, betting that the improvements ultimately will increase their tax base.

Washington's tools for Tax Increment Financing are different than those found in other states, since attempts to authorize the use of state property tax revenue to finance developments through TIF have been struck down by the voters and the courts. Until recently, TIF has been ruled unconstitutional in Washington State. In 2001, the Washington State Legislature passed a bill to allow TIF (also known as *Community Revitalization Financing*), with some limitations.¹³ Unlike other tax increment laws around the country, Washington's TIF laws provide an additional source of revenue via a portion of the regular taxes to apply toward debt service, rather than authorizing the issuance of special revenue bonds.

In 2006, the Legislature supplemented tax increment finance legislation with the *Local Infrastructure Financing Tool Program (LIFT)*.¹⁴ LIFT provides funding for local infrastructure using sales tax, property tax and other select excise tax increases generated by an economic development project as part of a designated development area. Under this legislation, a local government may create a Revenue Development Area (RDA) where it plans to invest a significant amount of public and private funds for infrastructure to spur economic development and affordable housing. If the Community Economic Revitalization Board (CERB) approves a proposed project, the state will match the new local construction property tax revenues with an equal amount of new sales tax revenues from within the same revenue development area, up to a certain limit. However, the capacity of this program to finance projects is limited. "Both the process of creating an RDA and the uncertainties inherent in pegging the state sales tax contribution to the actual new local construction property taxes will make the LIFT process daunting for most local governments."¹⁵

Greater flexibility exists for cities to provide infrastructure investments than many other tax incentives. "Washington State in general allows for very few tax incentives for economic development purposes; in fact, the State Business and Occupation (B&O) tax is a large disincentive for business location in our state."¹⁶ Those tax incentives that are allowed in Washington State primarily benefit rural areas of the State which underscores the limitations of this strategy for all urban cities and Urban Centers specifically in Washington State. The exception to this is a city B&O tax incentive, which some cities are now utilizing (as of 2004, only Burien, Bellevue, and Seattle charged a B&O tax).

Capitalize on Historic Character

Many of King County's Urban Centers began as commercial centers in small towns that initially developed around the turn of the 20th Century. The downtown core of such Centers features historic buildings and reflects the charm of "the good old days." Their development pattern, set before the automobile became popularized, is at a scale that is consistent with the Urban Center goal of providing a pedestrian friendly environment. However, these downtown areas have changed drastically in the last half-century. King County Urban Centers that fall within this category include Auburn, Burien, Kent, Redmond, and Renton.

The market demand for living in historic downtowns in medium- and small-sized cities may be limited given competition from Seattle's historic districts which equally provide unique character and pedestrian scale, in addition to closer proximity to more jobs and amenities. In response to this challenge, these cities can capitalize on their Center's scale and unique historic character. The City of Kent may see success in this regard with the development of Kent Station adjacent to the old commercial core,

¹³ RCW 39.89.

¹⁴ ESSHB 2673.

¹⁵ Spitzer, Hugh, *The new tax increment financing law is loaded with hurdles*, <http://seattle.bizjournals.com/seattle/stories/2006/04/24/editorial3.html>.

¹⁶ Ray Moser interview, 3/22/06.

preserving its historic character. The city has gone to great lengths to establish a connection between the two areas so that visitors are drawn to both rather than allowing the new development to drain the life out of the historic downtown. This connection includes creative streetscaping, artwork, and the planned development of a civic plaza between the two areas that will be the center of programmed civic activities, including a weekly farmers market.

These efforts can be aided by a variety of tools, such as those used by Renton. Renton employed several investment tools to incentivize development in the Urban Center including a property tax abatement program for multi-family housing in the center, the waiving of development fees in certain circumstances, and development agreements to fund infrastructure updates to pave the way for development.

Creating Community Focal Points

There are several effective means by which a city can create a community focal point in its Urban Center, including the creation of “third places” and other amenities, the relocation of a municipal campus in the Urban Center, and the development of a transit center. Such projects create open space, mixed-use retail and residential development, and activity spaces (such as Green River Community College branch in Kent Station and King County Library in Burien’s Town Square) in their Urban Centers.

Third Places

Public realm improvements might include a performing arts center, senior center, swimming pool, library, landscaping, and public art. Redmond’s redevelopment of Redmond Town Center is an example of this effort. Originally a golf course, the city of Redmond purchased the land and converted it to a city park. Through a private developer and in cooperation with the city, the site was later retooled as a lifestyle center, becoming a focal point for the Urban Center.

Several Historic/ Town Centers and Retail Shopping/ Commercial Centers are also being redeveloped to incorporate a Third Place, such as Kirkland’s Totem Lake Mall redevelopment projects, Burien’s redevelopment plans for Town Square, and Kent’s development of Kent Station. Kent’s efforts to create a focal point were unique and extended to include negotiations with a significant local employer. Unlike most Historic/ Town Centers, Kent has a relatively large Government sector, with the City of Kent and the Regional Justice Center (RJC) being the largest employers in the Center. The City of Kent recognized the RJC’s opening in 1997 as an opportunity to promote local business and Kent Station as a community focal point. The city successfully negotiated with King County to exclude cafeterias in the RJC, which drove RJC employees, jurors, and other members of the public to local restaurants for lunch, providing a boost to the local economy. This in turn promoted Kent Station as a community focal point in the Urban Center.

Relocation of Municipal Campus

Several cities—including Seattle, Bellevue, and Redmond—have relocated their municipal campuses into their respective Urban Centers in the recent past, providing greater connectivity of government services, commercial interests and residents of the Urban Center.

Transit Centers

Connectivity by transit systems is a goal of the Urban Center Strategy. Transit centers may act as community focal points as well and many cities have partnered with either Sound Transit or King County Metro to create a transit center in their Urban Center. Auburn, Bellevue, Burien, Federal Way, Kent, Redmond, Renton, Totem Lake, Tukwila and Seattle (in the CBD and Northgate) have all had, are currently having, or have plans to construct transit centers in the near future.

Previous studies have found a strong correlation between heavy rail transit stops and the development of high-density centers. In one such study of the San Francisco Bay Area’s Bay Area Rapid Transit (BART) line found that:

“where barriers do not exist, a sizable amount of new development has generally occurred (at BART stops) when local governments encourage it. BART had a strong

influence on the built form that emerged- concentrated mixed-use development that is conducive to transit riding.”¹⁷

Pioneer development

Demand for location (especially with regard to housing) remains a crucial consideration for Centers with significant commercial strip development, particularly if it is in decline or lacks aesthetic appeal. People are less inclined to live near areas that appear blighted. Furthermore, their auto-oriented design is in contrast with those characteristics that people look for in a livable community. A pioneer development might demonstrate that demand exists and act as a catalyst for further development, stimulating progress toward the Urban Center vision. Though potentially costly, sponsoring demonstration projects can also be tied to a city’s marketing campaign about homes and neighborhoods where redevelopment is targeted. This can include tours of homes and projects, and informing the greater public about all that a city and its Urban Center have to offer. In doing so, a city may be able to combat negative perceptions that may be widely held.

To smooth the way for a pioneer development, local governments can complete a Planned Action SEPA. The State Environmental Policy Act (SEPA) requires an environmental analysis of a development’s impacts on the surrounding area. A Planned Action SEPA is a larger analysis of several possible projects within a certain area. Federal Way recently engaged in a Planned Action SEPA, giving potential developers more predictable information on the costs of environmental mitigation and reducing the time it takes to complete environmental studies. Even further, local governments can prepare areas for development by removing unwanted materials from the site, including old buildings or debris.

Relocation of “Liability Businesses”

Several Historic/ Town Centers have also facilitated redevelopment by encouraging “liability businesses” to relocate away from the Urban Center. Broadly defined, “liability businesses” are those businesses that are not consistent with the Urban Center vision and may lower demand for housing and job development in a Center. For example, the city of Kent purchased the Borden Chemical Plant’s property to pave the way for Urban Center redevelopment. After demolition and clean-up of the plant, the site became Kent Station, creating a mixed-use focal point for the city. Car dealerships in Renton were prevalent in the downtown area prior to the city partnering with the dealerships and moving them to an area south of the Urban Center. Likewise in Auburn, multiple taverns dominate the downtown portion of the Urban Center, potentially decreasing demand for housing developers and other retail and office firms. The city is currently looking to relocate many of these taverns into an area outside the main street shopping district in the Urban Center.

Public-Private Partnerships

Pioneer and mixed-use development projects have been significantly enhanced through public-private partnerships in several Urban Centers, including Kent, Totem Lake, Redmond, and Burien. Their success depended on strong local leadership, up-front capital investment and some assumed financial risk on behalf of the cities.¹⁸ This strategy is often seen as a way to pioneer development in Urban Centers that have seen stagnant investment or disinvestments over recent years. If successful, pioneer development can establish demand for retail, office and residential space where the private development community may have been unwilling to develop on its own. Interestingly, the creation of community focal points and use of public- private partnerships has worked in a variety of types of Urban Centers, from Regional Activity Centers to Historic Centers and Retail Shopping Centers.

Marketing

Finally, marketing both Urban Center lifestyle and amenities in addition to available commercial property and development opportunities is another strategy that many cities have engaged in for their Urban Centers. The City of Renton, for instance, maintains a website called *Renton Market* exclusively for

¹⁷ Dugan, Mary Michaellyn, *Managing Growth: Regional Trends in Urban Center Development in suburban King County*, (2002) and Cevero, Rober and Landis, John, *The Transportation-Land Use connection Still Matters*, (1995).

¹⁸ Nathan Torgelson interview, 3/16/06, Rob Odle interview, 3/17/06, Eric Shields interview, 3/28/06, and Richard Loman interview, 4/12/06.

economic development purposes in the Urban Center and other areas in the city which highlights the city's and Urban Center's assets. Likewise, Federal Way recently completed a market profile of its Urban Center with a private consulting group. Through public forums and prepared promotional pieces, Federal Way is advertising the amenities, assets, and opportunities of its Urban Center for redevelopment as a high-density city center in line with the CPP's Urban Center Strategy.

Development Themes

The CPP's Urban Center Strategy importantly seeks long-term collective growth for King County's Urban Centers. While collective growth is occurring, there are clear variances in the rate of growth among the Centers. This study attempts to distill the factors that have influenced the pattern of development occurring in King County's Urban Centers and to provide a useful set of development strategies and tools for individual cities to employ. In so doing, this study found a series of notable themes.

First, ***each Urban Center is unique***—in its assets, liabilities, and potential for development. Subsequently, the strategies and tools that a city employs should address its specific needs and priorities. However, it was possible to identify trends in the characteristics of various Centers. As such, this study is not prescriptive, but rather provides a foundation to analyze the transferability of strategies and tools between Urban Centers.

Also, stakeholders repeatedly stressed that ***job growth and development are predominantly dictated by the private market decision-making***. For example, Federal Way has engaged in several appropriate strategies to encourage housing development in its Urban Center, yet a large amount of affordable single family housing throughout the city appears to dilute demand for multi-family housing in the Urban Center. At the same time, Federal Way's efforts seem to be "one good project" away from the tipping point, which the city believes will spur further development.¹⁹ Despite the city's efforts, private investment is necessary to spur further development. Repeating this theme, AMC Theater's commitment to Kent Station spearheaded other development in the city's Urban Center. Conversely, the Seattle CBD and Bellevue are able to take advantage of a variety of amenities and their image as "hip cities" that have created high demand for both job and housing development. These Centers generally require fewer tools to encourage development as private sector demand currently exists and is driving development. Reliance on private market decision-making supports the PSRC's finding that Urban Center development is a long-range endeavor and Centers should be expected to develop at different rates as the market adjusts.²⁰

The use of ***public-private partnerships*** was also a reoccurring theme of this study. Through the course of this study several cities discussed their reliance on both public-private and public-public partnerships to develop transit centers and other pioneer developments. Furthermore, engaging non-governmental groups such as trade associations, Chambers of Commerce, and other economic development organizations encouraged private sector development.

The final, and most pronounced theme, was the need for ***strong local leadership***. This has taken many forms throughout King County, from the dedication of public investment to the writing of Comprehensive Plans and the revamping of rezoning and permitting processes. For example, Kent's leadership created a Comprehensive Plan that outlines its Urban Center Strategy as one that creates a vibrant downtown to serve as a community focal point with clearly defined goals for development, transportation improvement, business growth, and image. Kirkland's city manager and council have likewise supported the vision of Urban Center development and the city is committing \$15 million to the Totem Lake Mall Redevelopment towards the purchase of right-of-way for the new boulevard, expansion of the hospital campus, and the creation of a transit center. Similarly, Redmond has expedited its permitting process and revised its zoning codes, giving developers greater discretion in design. Indeed, throughout King County, local leadership has shown commitment and support of the Urban Center Strategy.

¹⁹ Kathy McClung interview, 3/28/06.

²⁰ Puget Sound Regional Council, *Development Toolkit: Success Stories from the Regional Growth Centers*, 2003.

The King County Countywide Planning Policies' Urban Center Strategy stresses a combination of job and housing development in King County's Urban Centers. Following 10 years of monitoring the progress of the Urban Center Strategy, this study's goals were twofold: to identify the factors that have led to the existing pattern of development among the county's Urban Centers and also to provide a set of tools that local governments can employ to encourage more development in their Centers.

This study continued the analysis of the King County Benchmark Program to conclude that Urban Centers are attracting both job and housing development as sought by the CPP's Urban Center Strategy, though the Centers are unquestionably developing at different rates. Recognizing the uniqueness of each Urban Center and the decisive role of the private sector, this study is not meant to be prescriptive but rather to provide a foundation to analyze the transferability of strategies and tools between Urban Centers.

Appendices

The following appendices are provided:

- A. Urban Center Descriptive Reports
- B. Urban Center Job and Housing Development Framework
- C. Development Framework: Aligning Development Tools with Urban Center Categories